

FISCAL IMPACT STATEMENT ON BILL NO. *S. 1005*

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TO:	The Honorable John E. Courson, Chairman, Senate Education Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Tricia Tangney		
DATE:	April 17, 2006	SBD:	2006137

AUTHOR:	Senator Elliot	PRIMARY CODE CITE:	59-35-20
SUBJECT:	Four-Year-Old Kindergarten		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:

See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:

See Below

BILL SUMMARY:

This Bill allocates funds for a four-year-old kindergarten program in the public schools of the State through the Education Finance Act formula.

EXPLANATION OF IMPACT:

There are approximately 56,114 four-year olds in the State. Currently, ten percent of the overall student population attend private schools, religious schools, or are home schooled. Therefore, about 50,503 students will be affected by this Bill.

Beginning in FY08, this Bill allocates funds through the Education Finance Act for a half day four-year-old public kindergarten program in the State. By FY10, these programs will be full day. The impact to the General Fund of the State will be approximately \$65,882,428 in FY08 for half day programs and \$139,763,707 in FY10 for full day programs.

Section 59-65-10 (A) mandates four-year-olds attend school beginning in FY08. Therefore, additional transportation costs are anticipated. Approximately 18,000 four-year-olds currently attend EIA or First Steps funded programs, and approximately 60 percent of these ride school buses. After removing the existing 18,000 from the overall headcount and applying the 60 percent rate, the operating annual cost to the State to transport these children to school will be approximately \$5,480,006. This includes fuel, bus parts and repair, and bus driver salary and fringe. The Department of Education would need to purchase additional 60-passenger buses to transport these children to school. These buses cost approximately \$60,000, which would require a total non-recurring appropriation of approximately \$19,500,000 in FY07.

Implementation of this Bill creates the need for additional classroom space. Based on maximum class size of 20 children and taking into account the 18,000 children already served in some form of public 4-K, districts will need to add roughly 1,625 new classrooms. Construction costs for a new classroom are estimated to be \$261,000, while a portable costs about \$75,000. Capital costs associated with this Bill would therefore require a non-recurring appropriation of between \$121,875,000 and \$424,125,000 depending on method of construction. Since the Bill requires only half day classes for the first two years, this appropriation could be split between FY07 and FY09. This cost could be provided by the State or borne by the districts. Financing the construction of classrooms could reduce first and third year costs.

Classroom needs include furnishings and supplies. Based on an average cost of \$10,000 to equip new classrooms, districts would require a non-recurring appropriation of \$16,250,000, which could also be split between FY07 and FY09. This cost could be provided by the State or borne by the districts.

Finally, approximately 1,625 new teachers will be needed to implement a full day 4-K program, which will affect EIA funding for teacher salary supplement (TSS) and fringe. The estimated impact to EIA funds is between \$1,911,176 in the first two years and \$3,822,353 thereafter. However, funding a four-year-old kindergarten program in the State through the EFA will release \$21,832,678 in EIA funds currently appropriated for the same purpose which will result in a net EIA savings of \$19,921,502 in the first two years and \$18,010,325 thereafter.

Recapitulation

A recapitulation of the cost estimate is provided below. The cost for facilities could be funded at the General Assembly's discretion with non-recurring state funds, local district funds, or a combination of the two.

<u>S. 1005 Impact Summary</u>				
<u>State General Fund and EIA Cost Estimates</u>				
COST TO STATE	<u>FY 06-07</u>	<u>FY 07-08</u>	<u>FY 08-09</u>	<u>FY 09-10</u>
EFA (Including Fringe)		\$65,882,428	\$67,855,118	\$139,763,707
Transportation - Operating	\$0	\$5,480,006	\$5,480,006	\$5,480,006
Subtotal General Fund	\$0	\$71,362,434	\$73,335,123	\$145,243,713
EIA TSS/Fringe	\$0	\$1,911,176	\$1,911,176	\$3,822,353
Existing EIA 4-K Program	\$0	(\$21,832,678)	(\$21,832,678)	(\$21,832,678)
Subtotal EIA	\$0	(\$19,921,502)	(\$19,921,502)	(\$18,010,325)
Bus Purchases (NR)	\$19,500,000	\$0	\$0	\$0
TOTAL STATE	\$19,500,000	\$51,440,932	\$53,413,622	\$127,233,388
<u>Facilities Cost Estimates - State and/or School Districts (Non-Recurring)</u>				
Classrooms - High (Construction)	\$212,062,500	\$0	\$212,062,500	\$0
Classrooms - Low (Portables)	\$60,937,500	\$0	\$60,937,500	\$0
Classroom Set-up	\$8,125,000	\$0	\$8,125,000	\$0
TOTAL FACILITIES - HIGH	\$220,187,500	\$0	\$220,187,500	\$0
TOTAL FACILITIES - LOW	\$69,062,500	\$0	\$69,062,500	\$0

SPECIAL NOTES:

Funding four-year-old kindergarten through the Education Finance Act will have a fiscal impact on school districts of approximately \$24,009,631 in FY08 and \$50,934,296 in FY10. District transportation costs are estimated to be \$4,620,171.

Approved by:



Don Addy
Assistant Director, Office of State Budget